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# STARS MANUAL

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## MOVING

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### INTRODUCTION

The State Board of Examiners has established a moving policy to ensure interagency and interdepartmental consistency, as well as providing equitable procedures for employees of the State of Idaho. They have intended that agencies use this policy to reimburse current employees when their duties require a work location change.

### MOVING - WHAT IS IT

In order for the State of Idaho to be competitive in the employment market and to be able to attract and retain a competent work force, it may be necessary to defray normal intrastate and interstate moving expenses. Policies that help ease the employee's financial, personal, and psychological problems of relocation and transfer are both a business necessity and a morale booster.

### MOVING - UNDERSTANDING THE BASICS

#### MOVING POLICY

Current moving policies and procedures can be found at the [State Controller's Board of Examiner's Web site](#). All agencies must follow these regulations and guidelines. Be sure to attach all required documentation as your source documentation for paying the bill. These policies will change periodically - please refer to the Board of Examiners site listed above.

The State Board of Examiners will allow reimbursement of moving expenses of new hires only in extraordinary circumstances. You must obtain approval from the Board of Examiners prior to reimbursing new hires. See the Board of Examiners Web site for any exceptions.

### OMNIBUS BUDGET RECONCILIATION ACT OF 1993 – WHAT IS TAXABLE AND NON-TAXABLE

Both current and prospective employees need to be aware that the federal Omnibus Budget Reconciliation Act of 1993 made some types of employer reimbursed moving expenses excludable from income (non-taxable) in [Section 132 of the Internal Revenue Code](#). The IRS classifies these as "qualified" (non-taxable) moving expenses.

The other types of reimbursable moving expenses not included in Section 132 are considered by IRS to be "nonqualified" (taxable) and therefore subject to taxation if reimbursed to the employee.

In addition, for reimbursements to qualify for exclusion from income they must meet the IRS's Time and Distance tests. The State Board of Examiners lists these tests, along with examples of the qualified and nonqualified moving expenses, in Appendix A of their policy. They do not intend that the examples of qualified and nonqualified moving expenses are all inclusive. For further information consult the Internal Revenue Service's moving reimbursement regulations or contact the Division of Statewide Payroll, Bureau of Accounting Services in the State Controller's Office.

## **TAXABLE VS. NON-TAXABLE PROCESSING – EMPLOYEE REIMBURSEMENT**

NOTE: Earnings Codes can be found in the [DSP User Manual](#) on the Division of Statewide Payroll Web site.

### **“NON-QUALIFIED” (TAXABLE) MOVING TO REIMBURSE THE EMPLOYEE– ‘TMV’ EARNINGS CODE**

If a portion of the moving expense should be “Non-Qualified” (taxable), you should work with the Division of Statewide Payroll, Bureau of Accounting Services. You should process the taxable payments to an employee through the payroll system using the ‘TMV’ earnings code to have taxes deducted. The Division of Statewide Payroll processes the payment through their system, creating a payment to the individual. They will then automatically forward the amount and coding to STARS for posting to the financial files using the regular payroll TC 326 and expenditure subobject 5359.

### **“QUALIFIED” (NON-TAXABLE) MOVING TO REIMBURSE THE EMPLOYEE – ‘MOV’ EARNINGS CODE**

If a portion of the moving expense should be “Qualified” (non-taxable - does qualify as non-taxable income per the IRS), you should process the expenditure directly into STARS using the normal TC 230 coding and expenditure subobject 5358. However, you must also report this payment to the Division of Statewide Payroll, Bureau of Accounting Services using the ‘MOV’ earnings code so that they can report this amount on the W-2.

## **TAXABLE VS. NON-TAXABLE PROCESSING – THIRD-PARTY VENDOR PAYMENT**

### **“NON-QUALIFIED” (TAXABLE) MOVING PAID TO A THIRD-PARTY VENDOR – ‘MTF’ EARNINGS CODE**

If a portion of the moving expense should be “Non-Qualified” (taxable - does not qualify as non-taxable income per the IRS), you will have to pay the vendor through STARS using the normal TC 230 and expenditure subobject 5359. However, you must also process this payment with the Division of Statewide Payroll, Bureau of Accounting Services. You should process the taxable payments to a third-party vendor through the payroll system using the ‘MTF’ earnings code to have taxes deducted from the employee. Once the Division of Statewide Payroll processes the payment through their system, they will not create a payment nor send payroll information to STARS. You have already posted the payment to STARS when you originally paid the third-party vendor with the TC 230.

### **“QUALIFIED” (NON-TAXABLE) MOVING PAID TO A VENDOR – NOT REPORTED TO PAYROLL**

If a portion of the moving expense should be “Qualified” (non-taxable - does qualify as non-taxable income per the IRS), you should process the expenditure directly into STARS using the normal TC 230 coding and expenditure subobject 5358. Payments to vendors for the non-taxable portion are not reported on the W-2, so you should NOT report this payment to the Division of Statewide Payroll, Bureau of Accounting Services.

## **MOVING – SOLVING COMMON PROBLEMS**

### **YOU PAID THE MOVING EXPENSE THROUGH STARS, BUT SOME OF IT WAS TAXABLE**

If you processed a “nonqualified” (taxable) amount through STARS instead of payroll, you can enter an 'MTF' earnings code through payroll to show the amount as taxable fringe. A warrant will not generate nor postings made to STARS since you posted it when you originally paid the third-party vendor with the TC 230.

## **MOVING REPORTS**

### **EMPLOYEE MOVING REPORT**

<b>Report</b>	<b>Description</b>
DAFR6970	<b>Employee Moving &amp; Relocation Register (SCO only)</b>  Shows the agency, moving subobjects, date, employee, document number, and amount of the moving and relocation payment. Lists and totals by agency.